

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 2523
INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA

LIMITED OFFICIAL USE SECTION 1 OF 2 OTTAWA 0661

PASS WHITE HOUSE/SCHLESINGER AND FEA

E.O. 11652: N/A
TAGS: ENRG, ETRD, CA
SUBJ: ENERGY: NATIONAL ENERGY BOARD (NEB) APPROVES
INCREASED EXPORT LEVELS OF CRUDE OIL TO ASSIST U.S. IN
ENERGY CRISIS

1. SUMMARY: NATIONAL ENERGY BOARD ANNOUNCED FEBRUARY 17
THAT IT WILL MAINTAIN EXPORTS OF LIGHT CRUDE OIL AT CURRENT
AUTHORIZED LEVEL OF 180,000 BARRLES PER DAY (BPD) UNTIL
JUNE 30. THIS IS 45,000 BPD MORE THAN ORIGINALLY PLANNED
FOR SECOND QUARTER. AT SAME TIME NEB ANNOUNCED REGULAR
HEAVY OIL EXPORT AUTHORIZATIONS WILL TOTAL 135,000 BPD
IN FEBRUARY AND 118,000 BPD IN MARCH. NEB SOURCE INDICATES
BOARD WOULD BE PREAPRED TO MAINTAIN HIGHER THAN ANTICIPATED
LEVEL OF HEAVY OIL EXPORT IF FEA ALLOCATION SYSTEM CAN
ACCOMMODATE IT. IN ADDITION TO REGULAR CRUDE AUTHORIZATIONS
NEB HAS APPROVED SUPPLEMENTARY AUTHORIZATION FOR EXPORT OF
HEAVY OIL, LIGHT OIL, AND PRODUCT. END SUMMARY.

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2. FOLLOWING IS FULL TEXT OF FEBRUARY 17 NEB NEWS
RELEASE DETAILING QUANTITIES OF CRUDE OIL AND PRODUCT
AUTHORIZED FOR EXPORT:

QUOTE. OTTAWA - THE NATIONAL ENERGY BOARD ANNOUNCED
TODAY THAT IT WILL BE MAINTAINING EXPORTS OF LIGHT

CRUDE OIL AT THE CURRENT AUTHORIZED LEVEL OF 180,000 BARRELS PER DAY UNTIL JUNE 30, 1977. THIS DECISION WAS TAKEN TO ASSIST THOSE UNITED STATES REFINERS MOST DEPENDENT UPON CANADIAN CRUDE OIL SUPPLIES IN VIEW OF THE WEATHER RELATED PROBLEMS THAT HAVE CAUSED A SEVERE SHORTAGE OF FUEL IN MANY AREAS OF THE UNITED STATES.

THE BOARD EXPECTS THAT THE REPORT ON ITS FINDINGS ON THE EVIDENCE OBTAINED AT A HEARING HELD DURING OCTOBER, 1976 ON CANADIAN OIL SUPPLY AND REQUIREMENTS WILL BE PUBLISHED IN APRIL, 1977. THIS REPORT WILL CONTAIN INFORMATION ON THE EXPORT LEVELS OF BOTH LIGHT AND HEAVY CRUDE OIL TO BECOME EFFECTIVE ON JULY 1 FOR THE REMAINDER OF THE YEAR.

THE BOARD WILL, UNTIL FURTHER NOTICE, CONTINUE TO FOLLOW THE PROCEDURE INTRODUCED IN JANUARY, 1977 FOR DETERMINING THE VOLUME OF HEAVY CRUDE OIL AVAILABLE FOR LICENSING EACH MONTH AS BEING THE DIFFERENCE BETWEEN THE BOARD'S ESTIMATES OF CANADIAN HEAVY CRUDE OIL PRODUCIBILITY AND CANADIAN DEMAND FOR THE MATERIAL.

EMERGENCY CRUDE OIL EXPORTS

THE BOARD ALSO ANNOUNCED TODAY THAT IT HAD LICENSED FOR EXPORT DURING THE FEBRUARY-MARCH PERIOD THE FOLLOWING QUANTITIES OF CRUDE OIL IN ADDITION TO THE REGULAR EXPORT LEVEL OF CRUDE OIL SET AT 315,000 LIMITED OFFICIAL USE

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BARRELS A DAY IN FEBRUARY AND 298,000 BARRELS A DAY IN MARCH:

- 800,000 BARRELS OF HEAVY CRUDE OIL CONSISTING OF KINSELLA/WAINWRIGHT AND LLOYDMINSTER BLENDS PRESENTLY HELD IN INVENTORY BY PRODUCERS; THE U.S. COMPANIES LICENSED TO RECEIVE THIS OIL ARE: ASHLAND OIL, INC. AT FINDLAY, OHIO, KOCH REFINING COMPANY AT PINE BEND, MINNESOTA, LAKETON ASPHALT REFINING INC., AT LAKETON, INDIANA, MOBIL OIL CORPORATION AT JOLIET, ILLINOIS, MURPHY OIL CORPORATION AT SUPERIOR, WISCONSIN, STANDARD OIL COMPANY (OHIO) AT TOLEDO, OHIO, TOTAL LEONARD, INC. AT ALMA, MICHIGAN AND UNITED REFINING COMPANY AT WARREN, PENNSYLVANIA; AND

- 100,000 BARRELS OF LIGHT CRUDE OIL TO ASHLAND OIL, INC. AT ST. PAUL, MINNESOTA AS A PRE-DELIVERY OF A PORTION OF THAT COMPANY'S ANTICIPATED ALLOCATION IN MAY AND JUNE OF THIS YEAR.

OIL PRODUCTS

THE NATIONAL ENERGY BOARD HAS ALSO APPROVED THE EXPORT OF A FURTHER 540,000 BARRELS OF OIL PRODUCTS FOR DELIVERY TO THE UNITED STATES IN FEBRUARY AND MARCH. THIS QUANTITY IS IN ADDITION TO THE PREVIOUSLY ANNOUNCED TOTAL OF 890,000 BARRLES OF OIL PRODUCT EXPORTS ANNOUNCED ON FEBRUARY 7 AND THE 675,000 BARRELS OF PRODUCT EXPORTS ANNOUNCED ON FEBRUARY 3.

THE FOLLOWING LIST PROVIDES DETAILS ON THE MOST RECENT APPROVALS:

- 155,000 BARRELS OF MOTOR GASOLINE FROM IRVING OIL LTD., OF SAINT JOHN, N.B. TO ASIATIC PETROLEUM OF NEW YORK, N.Y. FOR THE PERIOD FEBRUARY 9-28, 1977.
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- 155,000 BARRELS OF MIDDLE DISTILLATE FROM IRVING OIL LTD., OF SAINT JOHN, N.B. TO ASIATIC PETROLUUM, OF NEW YORK, N.Y. FOR THE PERIOD FEBRUARY 9-28, 1977.

- 180,000 BARRELS OF MIDDLE DISTILLATE FROM IRVING OIL LTD., OF SAINT JOHN, N.B. TO TEXACO INC., OF NEW YORK, N.Y. FOR THE PERIOD OF FEBRUARY 11-28, 1977.

- 25,000 BARRELS OF MIDDLE DISTILLATE FROM CANADIAN FUEL MARKETERS LTD., OF QUEENSTON, ONTARIO TO R.B. NEWMAN FUEL CORP., OF TONAWANDA, N.Y. FOR THE PERIOD FEBRUARY 11 TO MARCH 15, 1977.

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 2524

INFO AMCONSUL MONTREAL

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- 25,000 BARRELS OF MIDDLE DISTILLATE FROM ROY-L
CANADIAN FUELS (ONTARIO) LTD., OF NIAGARA FALLS, ONTARIO
TO SIMON OIL, OF BUFFALO, N.Y. FOR THE PERIOD
FEBRUARY 11 TO MARCH 15, 1977. END QUOTE.

3. IN SEPARATE RELEASE SAME DAY BOARD ANNOUNCED
MONTHLY ESTIMATES OF CANADIAN CRUDE OIL PRODUCIBILITY,
DOMESTIC DEMAND FOR CANADIAN OIL, AND LICENSED EXPORTS
FOR THE MONTH OF MARCH, 1977. THESE ARE AS FOLLOWS:

QUOTE THOUSANDS OF BARRLES PER DAY

	FEBRUARY	MARCH
PRODUCIBILITY		
LIGHT CRUDE OIL	1,669	1,657
HEAVY CRUDE OIL	208	210

	FEBRUARY	MARCH
DOMESTIC DEMAND		
LIGHT CRUDE OIL	1,135	1,141
HEAVY CRUDE OIL	72	71

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	FEBRUARY	MARCH
LICENSED EXPORTS		
LIGHT CRUDE OIL	180	180
HEAVY CRUDE OIL	135	118

END QUOTE

4. COMMENT: AUTHORIZED EXPORTS OUTLINED ABOVE CONSTITUTE
SIGNIFICANT INCREASE IN LEVEL OF CANADIAN CRUDE OIL
EXPORTS. NEB PREVIOUSLY HAD PLANNED THAT SECOND QUARTER
1977 EXPORTS WOULD BE 135,000 BPD OF LIGHT AND 110,000
BPD OF HEAVY FOR TOTAL OF 245,000 BPD. IF FEBRUARY
EXPORT AUTHORIZATION LEVEL OF 180,000 BPD OF LIGHT
AND 135,000 BPD OF HEAVY WERE TO BE MAINTAINED THROUGH
JUNE NET AVERAGE EXPORT FOR THE FIRST SIX MONTHS OF
1977 WOULD BE INCREASED FROM ORIGINALLY ANTICIPATED
275,000 BPD TO 315,000 BPD. DEPARTMENT SHOULD NOTE
THAT NEB AUTHORIZED ONLY 118,000 BPD EXPORT OF HEAVY

OIL FOR MARCH, THUS LOWERING BPD AVERAGE TO 298,000 BPD FOR THAT MONTH. HOWEVER, NEB SOURCE TOLD EMBOFF THAT BOARD IS WILLING TO AUTHORIZE EXPORTS OF HEAVY OIL UP TO LEVEL OF DIFFERENCE BETWEEN CANADIAN DEMAND AND PRODUCIBILITY WHICH FOR MARCH IS 139,000 BPD. NEB HAS NOT DONE SO BECAUSE IT HAS REQUESTS ONLY FOR 118,000 BPD. NEB SOURCE SAYS THAT FOR SOME UNDETERMINED REASON FEA RIGHTS FOR HEAVY ARE NOT BEING TRADED EFFECTIVELY AMONG REFINERS WITH RESULT THAT SOME RIGHTS ARE NOT BEING PICKED UP AND "HEAVY OIL IS BEING LEFT ON THE SHELF." NEB HOPES THAT IN LIGHT OF INCREASED AVAILABILITY OF HEAVY CRUDE FROM CANADA, FEA WILL ISSUE ADDITIONAL RIGHTS AND ASSURE THAT THEY GET INTO THE HANDS OF REFINERS THAT NEED THEM.

5. NEB SOURCE SAID THAT AUTHORIZATION TO EXPORT EXTRA 800,000 BARRELS OF HEAVY CRUDE TOUCHED OFF INSTANT PANDEMONIUM AT NEB. BOARD WAS IMMEDIATELY BESIEGED LIMITED OFFICIAL USE

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BY OUTRAGED PRODUCERS WHO HAD ADDITIONAL HEAVY OIL THEY WANTED TO SEEL AND BY EQUALLY OUTRAGED REFINERS WHO WERE NOT IN ON PURCHASE OF 800,000 BARREL AUTHROIZATION. HE SAID THERE WERE 3.2 MILLION BARRELS WORTH OF NOMINATIONS FOR THIS HEAVY OIL. ALL TOLD, SOURCE SAID THAT IT WAS A VERY, VERY BAD DAY AT NEB. BOARD NOW WISHES IT HAD AUTHORIZED WEL OVER A MILLION BARRELS OF HEAVY CRUDE FOR EXPORT. NEB WILL SURVEY HEAVY CRUDE AVAILABILITY AND PRE-SUMABLY AUTHORIZE FURTHER EXPORTS. DUEMLING

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